

DEPARTMENT OF LOCAL AFFAIRS  
FY 2017-18 JOINT BUDGET COMMITTEE HEARING AGENDA

**Tuesday, December 6, 2016**  
**9:00 am – 10:30 am**

**9:00-9:20      INTRODUCTIONS AND OPENING COMMENTS**

**9:20-10:00    DIVISION OF HOUSING**

Fort Lyon Supportive Residential Community

- 1 Provide a quick update on Fort Lyon, including information on who is being served and how. (Case studies may be helpful.)
- 2 Where do Fort Lyon residents come from? How are they selected? How are they transported to and from the facility?
- 3 What do we know now about the impacts of the program and how these impacts compare to other programs in the Denver area?
- 4 Review the questions that will be addressed in the Fort Lyon study authorized by H.B. 16-1411 and when those results will be available.
- 5 What is the status of feedback from the federal Centers for Medicare and Medicaid Services regarding whether the facility is considered an “institution for mental disease”? *[Staff note: if the facility received this designation, residents would not be eligible for Medicaid medical or mental health services while they resided in the facility.]*
- 6 Should water rights at Fort Lyon be sold or leased?

Affordable Housing Overview and Requests

*Counting the Homeless Population*

- 7 Do the point-in-time studies provide a statistically valid estimate of the number of homeless people? How do the “homeless” definitions differ between the McKinney-Vento definition used by schools versus the point-in-time studies?
- 8 What subset of the homeless population has a mental illness? A substance abuse problem?
- 9 Is there an alternative/ something better than the point-in-time study for estimating the number of people who are homeless, particularly children?

*Demand and Supply for Affordable Housing and Existing Affordable Housing Resources*

- 10 How much of the need for affordable housing is addressed by government subsidies?
- 11 What do we (and don't we) know about the supply of affordable housing? Aren't there municipal programs that we don't have information on or visibility into? Are the numbers taking into account local housing authorities and treatment facilities?
- 12 Do we know where affordable housing units are located and where housing vouchers are used?
- 13 What types of housing vouchers are available? Are they all "Section 8"?
- 14 Is the low income housing tax credit available for mixed-income units? Is it less lucrative?
- 15 How do housing programs ensure that people who receive housing subsidies qualify? Is this checked on an ongoing basis to insure people still need assistance? What entity ensures that a building/unit designated as affordable remains affordable?

*State Support for Affordable Housing, Request R1, Bill D*

- 16 Can the state make a difference? How do we quantify the cost/benefit of funding housing at the state level for people who need services?
- 17 Request R1: Comment on the importance of R1 (the request for \$2.0 million General Fund for affordable housing grants and loans). Please provide an overview of how the \$8.2 million currently provided for affordable housing grants and loans has been leveraged at the local level, and how the requested funds are anticipated to further that work.
- 18 Comment on Bill D. Are there good sources of information on how many offenders return to prison because they lack affordable housing?

*Collaboration Among Departments*

- 19 Describe how the Department collaborates with other state entities that serve people who need both housing and other services: people with mental illness, cognitive and other disabilities, and people exiting DOC.

*Proposals for Permanent Supportive Housing and Rapid Rehousing*

- 20 Explain the mix of construction versus rental voucher payments proposed in requests R3 and R4. How many units would be constructed based on these proposals?
- 21 Does R3 (supportive housing for people with mental illness) address the right need? Is the problem housing or a lack of appropriate wrap-around services?
- 22 How will you examine/determine whether these proposals are cost-effective?

- 23 What type of housing is being suggested for the rapid rehousing as relates to the population exiting DOC? Describe the types of housing, services, and lengths of stay envisioned.
- 24 Will you have difficulty siting the rapid rehousing facilities? Are counties currently following state law with respect to allowing siting for DOC facilities? Are we likely to have similar problems with any new facilities serving ex-offenders?
- 25 Is there any evidence that would suggest that the rapid rehousing portion of the initiative will provide net savings, particularly given that the initiative would serve people with “minimal” mental health issues?
- 26 Please respond to JBC staff’s proposal for a more comprehensive bill that would provide a framework for the permanent supportive housing and rapid rehousing initiatives proposed in R3 and R4.
- 27 Does the Department need to develop new rules, definitions, and cost-control guidelines as part of a new permanent supportive housing initiative, as suggested in the 2014 report to the Governor’s Office? Is a “test phase” needed to see how such new measures work?
- 28 What proportion of the funds requested would you expect to be used in the first year? Why should roll-forward authority be provided instead of simply providing a smaller appropriation the first year?

*Use of Marijuana Tax Cash Funds [Referred to Governor’s Office as Necessary]*

- 29 Would Marijuana Tax Cash Fund (MTCF) appropriations need to be reduced in another area to fund this proposal?
- 30 Is statutory change necessary to use MTCF for the housing requests?
- 31 Is further clarification required in statute to address what “other costs” mean in Prop. BB?

**10:00-10:20 DIVISION OF LOCAL GOVERNMENT**

Rural Economic Development

*R2 Rural Economic Stabilization*

- 32 Provide more information on R2. What would the job description be? What would the outcome be?
- 33 It would be helpful to see a proposal that coordinates all the programs for rural Colorado (OEDIT, CEO, DOLA, DNR, federal partners, etc.)—something broader than R2. What are DOLA’s thoughts on this?
- 34 Have the funds used for the Main Streets program been effective? How does the Department coordinate with History Colorado, CDOT, and other entities on this program?

*R5 Kit Carson Facility Closure*

- 35 What is the status of the funds appropriated to DOC that were intended to help keep the Kit Carson facility open? Have these been expended as yet?
- 36 What happens if the R5 request is not funded? What would the impact be?
- 37 What are former employees doing now that the facility is closed? Are they moving?
- 38 How has the school count changed as a result of the facility closure? What is the impact on the school district?

BP America Court Decision, S.B. 16-218, and the Executive Severance Tax Request

- 39 What are the Department’s plans for the timing and scale of energy impact grants in FY 2016-17 in light of current severance tax receipts and S.B. 16-218?

**10:20-10:30 DIVISION OF PROPERTY TAXATION**

- 40 Please provide an update on how H.B. 16-1175 has improved the process for determining eligibility for the Senior Citizen Property Tax Exemption.
- 41 Is eligibility for this exemption evaluated on an annual basis?
- 42 Have the changes made to statute through H.B. 16-1175 improved county processes in administering this exemption?

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.
- 2 If the Department receives federal funds of any type, please respond to the following:
  - a. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.
  - b. Are expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?
- 3 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated June 30, 2016 (link below)? What is the department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations?

[http://leg.colorado.gov/sites/default/files/documents/audits/1667s annual report - status of outstanding recommendations 1.pdf](http://leg.colorado.gov/sites/default/files/documents/audits/1667s_annual_report_-_status_of_outstanding_recommendations_1.pdf)

- 4 Is the department spending money on public awareness campaigns? What are these campaigns, what is the goal of the messaging, what is the cost of the campaign? Please distinguish between paid media and earned media. Do you have any indications or metrics regarding effectiveness? How is the department working with other state or federal departments to coordinate the campaigns?
- 5 Based on the Department's most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy?
- 6 For FY 2015-16, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2016-17? If yes, in which programs and line items do you anticipate these reversions occurring? How much and in which fund sources do you anticipate the reversion being?
- 7 [Background Information: For FY 2017-18, the Department of Law has submitted a request to change the calculation of legal services appropriations as well as the monthly billing system for legal services provided to state agencies. Specifically, the proposal would: 1) calculate the number of budgeted legal services hours for each agency as the average of actual usage in the prior three years; 2) include a two-year average of "additional litigation costs" such as court reporting, travel for depositions, expert witness costs, etc., in the appropriation for legal services (these costs are

not currently included in the appropriation and are often absorbed from other personal services and operating expenses line items); and 3) convert from monthly billing based on the actual hours of service provided to monthly billing based on twelve equal installments to fully spend each client agency's appropriation.]

Please discuss your agency's position on the Department of Law's proposed changes to the legal services system, including the potential impacts of the changes on your agency budget. That is, does your department support the proposed changes? How would you expect the changes to positively or negatively impact your department? Please explain.

- 8 What is the expected impact of Amendment 70 (minimum wage increase) on Department programs? Please address impacts related to state personnel, contracts, and providers of services.
- 9 Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Cybersecurity Center in the Office of Information Technology?
- 10 Is the SMART Act an effective performance management and improvement tool for your Department? What other tools are you using? Do your performance tools inform your budget requests? If so, in what way?
- 11 Please identify how many rules you have promulgated in the past two years. With respect to these rules, have you done any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.
- 12 What has the department done to decrease red tape and make the department more navigable/easy to access?
- 13 What is the number one customer service complaint the department receives? What is the department doing to address it?

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**Fort Lyon Supportive Residential Community**

- 1 Provide a quick update on Fort Lyon, including information on who is being served and how. (Case studies may be helpful.)

During FY 2015-16, the average daily population was 224 and a total of 432 people were served by the Fort Lyon program, an 18% increase over FY 2014-15. The average length of stay was nine months with an average monthly retention rate of 91%. Prior to entry into the Fort Lyon program, 79% of residents were homeless for 12 months or more in the past three years, and 59% of residents entered with three or more health conditions. Of those served, 20% were military veterans. Eighty percent of residents were male and 20% were female. If desired, the most recent Fort Lyon Annual Report can be provided to the Committee members and other legislators separately.

Upon exit from Fort Lyon, 63% moved into temporary or permanent housing in FY 2015-16. Nearly all (97%) residents participated in higher education, vocational training, outside employment and/or recovery-based support groups during their stay at Fort Lyon. In the spring of 2016, 45 Fort Lyon residents were active students at the local community colleges, including four who graduated and six who made the Dean's List. Additionally, nearly all (98%) residents reported in an anonymous satisfaction survey that the Fort Lyon program helped them more effectively resolve with their behavioral health challenges.

**Case studies:** (Extended stories are can be found in the most recent Annual Report.)

Current Resident: Robert is a current resident who spends his time going to school for his Associate's degree and health worker certification, working, attending meetings, and volunteering. Robert grew up about 40 miles west of the Fort Lyon campus in Rocky Ford. As the only man in his family who wasn't incarcerated, Robert decided to join the Marine Corps and spent the next eight years dutifully serving his country. When he came back to Colorado, he began his career as a corrections officer. Eventually he went through a divorce, the market crash and subsequent job loss. Robert found himself begging for a job in the same fields that hired him in his youth as he did his best to avoid the family that raised him. With the help of the Veterans Administration, Robert was referred to Fort Lyon. Since then,

Robert says he put down the bottle he was sipping from and has not touched drugs or alcohol in nearly two years.

Former Resident: On Marty's 56th birthday, with the help of a Colorado Coalition for the Homeless outreach worker, Marty filled out paperwork to go to Fort Lyon. Marty first became homeless four years prior, after a divorce and concurrent addiction. Marty had been drinking since he was 13, but managed to keep his disease at bay by throwing himself into his work in the mining industry and providing for his five children. Marty sought treatment because he was tired and things were not getting better. While at Fort Lyon, he attended Otero Junior College and plunged himself into the Community Health Worker Certificate program. Marty remained sober and an active participant in his recovery throughout his two years at Fort Lyon. After completing the program last year, he moved into his own apartment in the Arkansas Valley, got his Associates of Applied Science degree, and most recently, found full-time employment as Fort Lyon's newest Peer Mentor.

- 2 Where do Fort Lyon residents come from? How are they selected? How are they transported to and from the facility?

In FY 2015-16, Fort Lyon residents came from 25 counties throughout Colorado, which is 39% of all counties. The majority of residents (77%) came from the Front Range counties (Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer and Weld). The remaining 23% were referred from other counties (Alamosa, Bent, Crowley, Delta, Fremont, Huerfano, Kit Carson, La Plata, Las Animas, Mesa, Montezuma, Montrose, Prowers and Pueblo).

Individuals who are motivated to make a change in their lives towards sobriety and stable housing are referred into the program through one of 29 designated partner organizations throughout the state including homeless service providers and mental health centers. To be accepted into the program, applicants must meet the following criteria:

- Homeless or at imminent risk of homelessness
- At least 21 years or older
- Have a documented substance use disorder with previous failed attempts at treatment with a strong motivation and desire to change as measured by SOCRATES Stages of Change Readiness Scale, an evidence-based tool
- Be detoxed from the drug of choice prior to program entry and meet the ASAM Level I Detox Criteria, a standard industry tool
- Must demonstrate stable symptoms related to any mental health and/or chronic health diagnoses and have a 30-day supply of prescription medications at time of transport
- Resident of Colorado
- Pass a background check that shows no open warrants, open cases, and not be a registered sex offender
- Agree to living in a communal environment and comply with the Fort Lyon Resident Handbook, as well as associated policies and procedures.



Regarding transportation, Colorado Coalition for the Homeless staff transports incoming residents by van twice per week from Denver to Colorado Springs to Pueblo to Fort Lyon. Arrangements can be made for transportation from the western slope as needed. Residents departing Fort Lyon are transported back on the return trip to their destination of choice.

3 What do we know now about the impacts of the program and how these impacts compare to other programs in the Denver area?

The following chart compares the costs of similar Denver area programs that have been provided to the Joint Budget Committee in previous Fort Lyon reports. Since the cost comparison continues to be a question the Fort Lyon evaluation study, now underway, does include this question in the scope of work. The long-term impact on the residents' well-being is not known at this time, but is also a major component of the Fort Lyon study. The Department will know more when the preliminary evaluation report is released in July 2017. This is one of the main reasons the evaluation was funded. Fort Lyon is designed to serve 250 people at a cost of \$20,000 per year. This figure and the ones in the following table do not include medical services.

Organization	Name of property	Number of Persons Housed	Cost per Person Housing & Services
Boulder Housing Partners	Permanent Housing Drive Inn Theater	10	\$15,152
Volunteers of America	Irving Street Residence	57	\$14,228
St Francis Center	Cornerstone	60	\$18,443
St Francis Center	Anchor	13	\$27,896
St Francis Center	Senior	20	\$23,354
Colorado Coalition for the Homeless	Metro Denver Homeless Collaborative	37	\$30,813
Colorado Coalition for the Homeless	Off Broadway Lofts	22	\$10,610
Colorado Coalition for the Homeless	West End Flats	36	\$15,377
Mental Health of Denver	Lowry Apartments	48	\$18,517
Arapahoe House	Homeless Vets	4	\$18,054
Empowerment	Women Reentry	17	\$19,026

- 4 Review the questions that will be addressed in the Fort Lyon study authorized by H.B. 16-1411 and when those results will be available.

The three objectives of the study include:

1. Define and quantify the costs and benefits of the Fort Lyon Program on both the individual and statewide level.
2. Define and quantify the impact on outcomes for participants in the Fort Lyon Program and identify any programmatic adjustments that could be made to improve Program outcomes and/or lower operating costs.
3. Compare Fort Lyon outcomes, costs, and benefits to control group as well as similar residential programs.

The preliminary report is due to the Office of State Auditor (OSA) the week of July 10, 2017 and the oral presentation to the Legislative Audit Committee will take place in August 2017. Pending approval of additional funds for FY 2017-18, a final report would be submitted to the OSA on or before August 1, 2018.

- 5 What is the status of feedback from the federal Centers for Medicare and Medicaid Services regarding whether the facility is considered an “institution for mental disease”? *[Staff note: if the facility received this designation, residents would not be eligible for Medicaid medical or mental health services while they resided in the facility.]*

The Department has not received any feedback from the federal Centers for Medicare and Medicaid on the determination of whether Fort Lyon is considered an “institution for mental disease.” However, in August of 2015, the Department of Health Care Policy & Financing (HCPF) released their “Report on Whether the Fort Lyon Supportive Residential Community Meets the Definition of an Institution for Mental Diseases.” In that report, HCPF states, “It is the Department’s determination that the Fort Lyon Supportive Residential Community does not meet the definition of an Institution for Mental Disease.

Summary of HCPF’s Findings:

- Fort Lyon is not licensed or accredited as a psychiatric facility.
- Fort Lyon does not provide psychiatric/psychological care and treatment for mental disease.
- Fort Lyon relies on lay counseling and peer counseling using peer recovery models.
- Fort Lyon is a resident-directed model with staff members overseeing general operations of the facility.

- 6 Should water rights at Fort Lyon be sold or leased?

The State of Colorado owns 78 preferred shares and 207 common shares of water rights of the Lower Arkansas Water Management Association (LAWMA). The operations at Fort Lyon are the primary user of this water. The Department would be happy to discuss options for leasing the excess capacity.

## Affordable Housing Overview and Requests

### **Counting the Homeless Population:**

- 7 Do the point-in-time studies provide a statistically valid estimate of the number of homeless people? How do the “homeless” definitions differ between the McKinney-Vento definition used by schools versus the point-in-time studies?

Although imperfect, the Point in Time (PIT) annual survey is the most valid and consistent estimate we have locally and nationally for estimating the number of individuals who are living outside, in shelters, or in places not meant for human habitation. The U.S. Department of Housing and Urban Development (HUD) mandates the PIT be conducted annually during the last week in January for any communities receiving HUD funds towards homeless services and housing.

Both the U.S. Department of Education (ED) and HUD consider people who lack a fixed, regular, and adequate nighttime residence to be homeless. This includes the following living situations: camping grounds, emergency shelters, transitional housing, public or private places not designed for or ordinarily used as a regular sleeping accommodation for human beings, cars, parks, abandoned buildings, and bus or train stations.

In addition to the situations described above, the McKinney-Vento definition used by ED considers persons in the following situations to be homeless:

- Sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason
- Living in a shelter, motel, uninhabitable structure, or camping grounds due to the lack of alternative adequate accommodations
- Living in substandard housing

However, HUD organizes the definition of homeless for the PIT around these categories:

- Literal homelessness (i.e. living in camping grounds, emergency shelters, transitional housing, public or private places not designed for or ordinarily used as a regular sleeping accommodation for human beings, cars, parks, abandoned buildings, and bus or train stations)
- Individuals and families fleeing or attempting to flee domestic violence with no subsequent residence, resources, or support networks.

- 8 What subset of the homeless population has a mental illness? A substance abuse problem?

The federal Substance Abuse and Mental Health Services Administration (SAMHSA) reports that over 60% of people who are chronically homeless have experienced lifetime mental health problems and that over 80% have alcohol or drug problems.

- 9 Is there an alternative/ something better than the point-in-time study for estimating the number of people who are homeless, particularly children?

The Point in Time (PIT) annual survey is the best standard we have locally and nationally for estimating the number of people experiencing homelessness as defined by living on the streets, shelters, or in places not meant for human habitation such as a vehicle. This includes unaccompanied youth as well. It is important to note this is an undercount, especially for unaccompanied youth, as they will often stay with friends or another person for a short period of time, what is often called ‘couchsurfing’. This does not get counted in PIT.

For homeless children who are still attending school, and often are still within a family setting, public schools also have their own system for identifying and estimating the number of students living in homelessness. This number is often significantly higher than the PIT figures as the number of homeless students is counted throughout the year and includes students who are living in hotels, motels, residing in substandard housing or ‘couchsurfing’ as described above. This data can be found on the Colorado Department of Education’s website using the following link:

[https://www.cde.state.co.us/dropoutprevention/homeless\\_data](https://www.cde.state.co.us/dropoutprevention/homeless_data).

***Demand and Supply for Affordable Housing and Existing Affordable Housing Resources:***

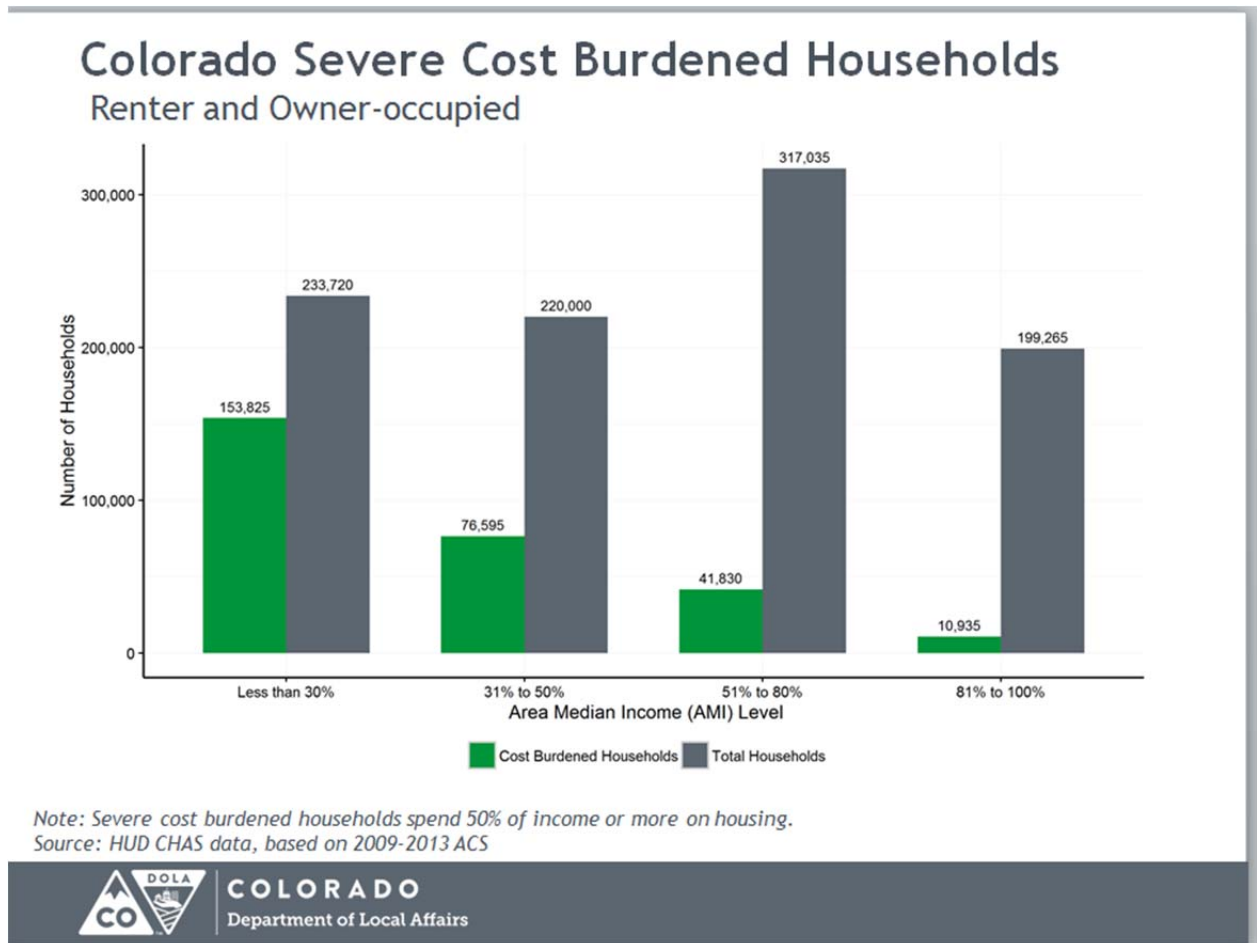
- 10 How much of the need for affordable housing is addressed by government subsidies?

Rental subsidies are the most effective way to house individuals earning less than 30% of the Area Median Income (AMI). This is especially true for those with special needs including the elderly and the disabled. In fact, HUD’s voucher programs require targeting of at least 75% of its subsidies to these extremely-low income individuals and families. As shown in the chart in response to question #11, there are 233,720 households in Colorado earning less than 30% of AMI. Of those, 153,825 households are severely cost burdened, meaning they are paying more than 50% of their income for housing. Of the 79,895 families who are not severely cost burdened, 60,000 of these households are most likely receiving government subsidies. Given that, it can be assumed that government subsidies are addressing 34% of the need in Colorado.

- 11 What do we (and don’t we) know about the supply of affordable housing? Aren’t there municipal programs that we don’t have information on or visibility into? Are the numbers taking into account local housing authorities and treatment facilities?

Households are considered “severely cost burdened” if their housing costs exceed 50% of their household income. The chart below compares total households by income to the number of households severely cost burdened. The chart uses the U.S. Census Bureau’s American Communities Survey data which accounts for the cost of all housing including homeownership and rental housing. The supply of affordable housing is accounted for in the chart and is reflected in the households that are not severely cost burdened.

In Colorado, as shown below, almost 154,000 very low income households (earning 30% or less of area median income or AMI) are considered severely cost burdened. This represents nearly two-thirds of households in this income range. The approximately 80,000 who are housed but not severely cost-burdened are heavily reliant on federally-subsidized public housing and rental vouchers.



Very few Municipalities in Colorado have targeted affordable housing programs. Below are highlights from: Boulder, Denver, Summit, San Miguel and Pitkin Counties:

- In 2015-16, the City of Boulder’s two local funding sources resulted in nearly \$14 million for the new construction or rehabilitation of 325 units.
- Denver’s Revolving Affordable Housing Loan Fund, which launched in 2015, has invested \$2.9 million since inception resulting in three new construction projects with 294 combined units.
- Denver’s new Dedicated Affordable Housing Fund (\$150 million investment) is expected to create or preserve 6,000 affordable homes for low to moderate income families.

- Summit County’s allocation of a portion of the sales tax and a development impact fee to an affordable housing fund has resulted in more than \$13 million for housing construction and land acquisition across the County since 2007. The County and Towns within have incorporated mitigation requirements within their land use and zoning codes and deed restricted units.
- San Miguel and Pitkin counties have addressed the need for affordable housing by deed restricting ownership and rental units (1,338 units in San Miguel County and 2,600 in Pitkin County). These counties and local jurisdictions of Telluride and Aspen have collected funds for affordable housing and added additional affordability in their communities by incorporating mitigation requirements for residential and commercial development into their land use and zoning codes and with a Real Estate Transfer Assessment. Telluride and Aspen have also actively developed affordable housing with partners to help meet the ongoing need for affordable housing.

12 Do we know where affordable housing units are located and where housing vouchers are used?

The chart below illustrates the location of both the affordable housing units funded by the Department and also the voucher subsidies administered by the Department. As reported in the JBC briefing materials, there are 89,000 subsidized units in State. The Department is working with HUD, CHFA, USDA-RD and other local agencies to inventory these affordable housing units throughout Colorado. We are currently reviewing the data to confirm location and accuracy.

<b>DOLA Program Type</b>	<b>Metropolitan Areas*</b>	<b>Non Metropolitan Areas</b>
Affordable Housing Units	21,496	3,904
Rental Housing Vouchers	5,395	1,298

\*Metropolitan Areas include: Adams, Aurora, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, El Paso, Gilpin, Jefferson, Larimer, Mesa Park, Pueblo, Teller, and Weld

13 What types of housing vouchers are available? Are they all “Section 8”?

Section 8 is largest rental assistance program. HUD also provides additional voucher for targeted populations that require supportive services: persons with disabilities, seniors, youth, and veterans. These subsidy programs are summarized below.

Rental Subsidy Program	Funding Source
Housing Choice Voucher Program (formerly known as Section 8)	Federal
Shelter Plus Care Program (homeless w/ services for severe mental disabilities)	Federal
Persons with Disabilities 811 Program	Federal
Elderly 202 Program	Federal
Family Reunification Vouchers for Youth	Federal
VASH- Supportive Housing for homeless vets	Federal
State Housing Voucher Programs serving persons in State Mental Health hospitals and Medicaid-subsidized nursing homes	State

14 Is the low income housing tax credit available for mixed-income units? Is it less lucrative?

Low Income Housing Tax Credits are available for mixed-income developments, although the tax credit basis/equity amount is based only on the affordable units. Because the market units charge market rents, the market rate units are expected to be built and operated without subsidies for construction or operations. This makes the market units free of public assistance. Like any market rate property, there is risk with market volatility as rents rise and fall. This creates greater risk to future operations. In soft rental markets, it is highly likely that market rate units have higher vacancy rates due to lack of amenities compared to all market rate buildings. This risk is reduced for affordable units due to the vast demand for affordable rents.

15 How do housing programs ensure that people who receive housing subsidies qualify? Is this checked on an ongoing basis to insure people still need assistance? What entity ensures that a buildings/unit designated as affordable remains affordable?

For rental voucher recipients, whether federal- or state-funded, an initial and annual certification of continued tenant eligibility is required. The certification examines each household's income, assets, and expenses at least annually or more frequently if the household experiences changes in income. Additionally, the Department's Division of Housing (DOH) staff conducts site visits and files audits for each of our contract agencies to

ensure that policies and procedures are being followed and that subsidy amounts are calculated correctly.

All rental affordable housing projects funded by DOH are required to record a beneficiary and rent use covenant against the land, which restricts the rents and incomes of residents for the full affordability period. The term of these use covenants is a minimum of 30 years. They are often renewed at the end of the initial affordability period. DOH asset management staff monitors these developments prior to contract completion and these reviews include verification of tenant eligibility and affordable rents. Ongoing monitoring of these properties is required by HUD to ensure compliance with affordability requirements.

***State Support for Affordable Housing, Request R1, Bill D:***

- 16 Can the state make a difference? How do we quantify the cost/benefit of funding housing at the state level for people who need services?

The State does make a difference because the public resources are targeted to the lowest of income households. The primary benefits accrue to the state through reduced health care, criminal justice, and detoxification costs. Other indirect benefits include employment retention, educational attainment, reduced crime, and improved access to public transportation. The Department can and does quantify the direct benefits and considers the externalities of each project before awarding funding.

- 17 Request R1: Comment on the importance of R1 (the request for \$2.0 million General Fund for affordable housing grants and loans). Please provide an overview of how the \$8.2 million currently provided for affordable housing grants and loans has been leveraged at the local level, and how the requested funds are anticipated to further that work.

The target population for this request is low-income Coloradans across the state spending 50% or more of their income on housing. There are over 270,000 low income households in Colorado that pay more than 50% of their income toward housing as the Chart in the response to Question 11 reports. In addition to households that are severely cost burdened and low-income, this is a diverse group that can include seniors and individuals in communities that are becoming unaffordable due to gentrification.

By partnering with local governments, housing authorities and private developers, the Department leverages conventional debt, equity and local funding. In state fiscal year 2016, the Department leveraged over 26:1 through its investment of affordable housing grants and loans. As previously reported in Request for Information #1, the Department has partnered with local agencies in Montrose, Grand, Routt, Mesa, Arapahoe, Douglas, El Paso, Costilla, as well as permanent supportive housing developments in Denver, Boulder and Jefferson



counties. Additionally, as previously reported, the Department supported two statewide programs.

The Department also maintains a statewide Housing Pipeline of affordable housing projects that represents what is planned to be built over the next 18 to 24 months. The Housing Pipeline is an evolving list that is updated quarterly and is based on what housing developers anticipate they can achieve *if resources are available*. Projects stay on the list until they are funded or they are cancelled. If the resources are available, the Division estimates that 7,334 units will be developed over the next 24 months. Of these pipeline units, 5,002 units are in Colorado's urban communities and 2,332 units are in rural communities. These developments will require \$1.3 billion in permanent financing and require a public subsidy of \$73.2 million over the next two years.

In FY 2015-16, the Department's HDG program funded 1,157 affordable housing units. Of these, 934 are rental units (534 newly constructed units and 400 rehabilitated units) and 35 are new construction for-sale units, such as Habitat. The remaining projects consist of single-family, owner-occupied rehabilitation, emergency shelter, landlord/tenant counseling, and landlord recruitment programs.

**Rental Units:** According to the Housing Colorado report, the one-year economic impacts of building and rehabilitating the 934 rental housing units funded with FY 2015-16 HDG include:

- Over 1,693 jobs in Colorado;
- Over \$141 million in income for Colorado residents; and
- Nearly \$23 million in taxes and other revenue for the state and local governments.

The additional annually recurring impacts of building the 534 new rental housing units funded with FY 2015-16 HDG include:

- Over 181 jobs in Colorado;
- Over \$13.3 million in income for Colorado residents; and
- Over \$2.8 million in taxes and other revenue for the state and local governments.

**Homeownership Units:** According to the National Association of Home Builders' report, the one-year economic impacts of building the 35 for-sale units funded with FY 2015-16 HDG include:

- Over 146 jobs in Colorado;
- Over \$10.6 million in income for Colorado residents; and
- Over \$2.1 million in taxes and other revenue for the state and local governments.

- 18 Comment on Bill D. Are there good sources of information on how many offenders return to prison because they lack affordable housing?

In November 2013, the National Health Care for the Homeless Council synthesized recent literature on the connections between incarceration and homelessness throughout the United States. According to the studies, incarceration and homelessness are mutual risk factors for each other. Overall, researchers generally estimate that 25%-50% of people who are homeless have a history of incarceration. One study found that homelessness was 7.5 to 11.3 times more prevalent among jail inmates than the general population.

The report highlighted that individuals without stable housing are already at greater risk of incarceration than the general population. However, sub-groups within the homeless population, specifically individuals with mental illness, veterans and youth have even more widespread incarceration histories.

The Colorado Department of Corrections (CDOC) notes that inmates do not return to prison solely because they are homeless. This may be a factor that contributes to violations of a parole condition; however, the CDOC does not track this data. However, a 2012 Supportive Housing for Returning Prisoners Program in an Ohio pilot program compared post-incarceration costs for 121 participants who received supportive housing with 118 who did not. One finding from that pilot is that those in housing were 43% less likely to be re-arrested on misdemeanor charges and 61% less likely to be incarcerated.

***Collaboration Among Departments:***

- 19 Describe how the Department collaborates with other state entities that serve people who need both housing and other services: people with mental illness, cognitive and other disabilities, and people exiting DOC.

The Department has worked with the Office of Behavioral Health within the Colorado Department of Human Services since the late 1970s when the State's voucher program began to assist with deinstitutionalization. As a result, the Department has contracts and a close working relationship with many of the community mental health centers, the community center boards, and independent living centers leading to the success of its programs. DOH's specialized programs provide housing assistance, coupled with community-based supportive services, to persons with disabilities and other special needs across the State of Colorado. DOH's four-way partnership between the state, the service agency, the property owner, and the participant provides an effective and efficient approach to housing persons with special needs.

The Division of Housing currently operates four supportive housing programs with other state agencies.

- The Colorado Second Chance Housing and Reintegration Program (C-SCHARP) offers supportive housing to persons referred by DOC and discharged from prison with severe mental illness.

- The State Housing Voucher program offers housing to persons discharged from the state hospital and referred by the Department of Human Services.
- The Family Unification Voucher program offers housing to at-risk homeless youth referred by Colorado Youth Corrections.
- The VASH vouchers for homeless veterans are referred by the U.S. Veterans Administration.

**Proposals for Permanent Supportive Housing and Rapid Rehousing:**

20 Explain the mix of construction versus rental voucher payments proposed in requests R3 and R4. How many units would be constructed based on these proposals?

The charts below indicate the estimated number of both units and rental voucher assistance that will be provided by each request by Year 5. Please note these are estimates. The proposed program is intended to be responsive to market conditions and population needs (i.e. build more new units when rental markets are tight. Utilize vouchers more when markets are soft and rents are cheaper.)

<b>R3 Permanent Supportive Housing for Behavioral Health Consumers</b>	
Type of Assistance	Number
Acquisition/Rehabilitation or Construction of units	354
Rental Voucher Assistance	300

<b>R4 Permanent Supportive Housing and Rapid Rehousing</b>	
Type of Assistance	Number
Acquisition/Rehabilitation or Construction of units	1,500
Rental Voucher Assistance	1,200*

\*The Department currently has a 10.9% attrition rate in its federal Housing Choice Voucher Program. The Department anticipates moving individuals off of State Housing Voucher assistance and onto a federal subsidy as quickly as possible. This will be achieved by requiring all program participants to apply to all available programs, for which they qualify, at program entry. This will assist with their eventual receipt of federal funding.

21 Does R3 (supportive housing for people with mental illness) address the right need? Is the problem housing or a lack of appropriate wrap-around services?

An aggregate review by the Psychiatric Services Journal of related studies found that permanent supportive housing for individuals with mental and substance abuse disorders, compared with treatment as usual, reduced homelessness, increased housing tenure over time, and resulted in fewer emergency room visits and hospitalizations. After one year of housing residents are three times less likely to abuse drugs. Findings by the Substance Abuse and Mental Health Services Administration (SAMHSA) report an 80% reduction in detox services, and 50% reduction in incarceration for homeless persons after one year of permanent supportive housing.

To successfully house behavioral health consumers with the greatest need, using permanent supportive housing, you will need all three of the following components:

1. Affordable Housing Units: Behavioral health consumers often have lower incomes, troubled credit histories, criminal backgrounds, and many other barriers to leasing market rate units.
2. Rental Subsidies: The behavioral health consumers who are being targeted by R3 will most likely have Supplemental Social Security Income in the amount of \$733 per month. Given the astronomical rental rates in Colorado, it is easy to understand the need for rental assistance.
3. Wrap-Around Services: These individuals will need supportive services to be successful. It is anticipated that most, if not all, R3 participants will be Medicaid-eligible, and therefore accessing services using these benefits. Additionally, the Department will work with developers to include additional funding for supportive services into their developments.

22 How will you examine/determine whether these proposals are cost-effective?

R3 aims to reduce usage, both in length of stay and in readmission, of individuals into state psychiatric hospitals. This will lead to an overall reduction in readmission rates, to a reduction in the delay for other in-need individuals to access the hospitals, and to a better utilization of existing psychiatric hospitals.

As stated in R4, the proposed investment in PSH and RRH models will lead to a reduction in recidivism for the State's criminal justice system. They will also lead to the reduction in readmissions to both medical and state psychiatric hospitals, which will reduce individual admissions and costs, reduce the delay of admission of other in-need individuals, and reduce the need to construct more psychiatric hospitals or beds.

The five-year goal is to end veteran homelessness and a reduction in homelessness for chronic and at-risk youth. Ultimately, a long term investment would result in systems cost avoidance and reduced homelessness for Colorado's highest utilizers of emergency systems and state institutions.

A formal evaluation of the project is planned and R4 includes funding for this purpose. The Results First Team has recommended that both a process and an outcome evaluation be conducted. In addition, the Department continues its work with both the Governor's office and other State offices including DOC, OBH and HCPF to get recidivism and utilization data to measure cost-effectiveness, which would facilitate, before and after cost comparison.

- 23 What type of housing is being suggested for the rapid rehousing as relates to the population exiting DOC? Describe the types of housing, services, and lengths of stay envisioned.

Rapid re-housing (RRH) is an intervention, informed by a Housing First approach, that is a critical part of a community's effective homeless crisis response system. RRH rapidly connects families and individuals experiencing homelessness to permanent housing through a tailored package of assistance that may include the use of time-limited financial assistance and targeted supportive services (usually less than two years).

The Department envisions using both a scattered site RRH model and the utilization of smaller RRH facilities. By utilizing the scattered site model, which allows tenant-based vouchers to be used to lease individual private apartments, the Department will make an immediate impact to homelessness in Colorado. However, given the tight rental markets in Colorado, the Department also anticipates using the acquisition and rehabilitation of smaller facilities for RRH. Again, by using acquisition rather than new constructions, the impact of these dollars can be felt more quickly than new construction.

- 24 Will you have difficulty siting the rapid rehousing facilities? Are counties currently following state law with respect to allowing siting for DOC facilities? Are we likely to have similar problems with any new facilities serving ex-offenders?

The Colorado Department of Corrections (CDOC) currently discharges approximately 150 individuals to homelessness each month. Many of these individuals are capable of work and will only require time limited assistance. These individuals are living in our communities, struggling to find jobs, to reconnect with families, and to continue their education while being homeless. The Division of Housing is currently operating the C-SHARP program in cooperation with CDOC. The C-SHARP offers vouchers to these ex-offenders which are managed and often housed at properties owned and operated by a local mental health center. As mentioned above, the Department envisions using both scattered site, smaller properties, or interspersing units in larger affordable housing properties. Scattered site apartments is an existing model used for the Department's various voucher programs, many of which include individuals with criminal backgrounds.

In regards to a small facilities model, many of the existing Permanent Supportive Housing (PSH) residences also often house individuals with criminal backgrounds. These models have been successful tools for the individuals and have been possible to develop and operate within communities because the Department and the service/housing providers work together with the landlords and communities to ensure the individuals are safe, good neighbors as best we can. Non-profit sponsors of these local programs include mental health centers, homeless agencies, and a growing number of religious organizations.

- 25 Is there any evidence that would suggest that the rapid rehousing portion of the initiative will provide net savings, particularly given that the initiative would serve people with “minimal” mental health issues?

In 2011, HUD reported an 85% success rate of rapid rehousing residents in attaining permanent housing. In Colorado we have not conducted such a study, but this program will be evaluated to determine the cost benefit through reduced recidivism, attainment of employment, and securing permanent housing.

The Rapid Re-Housing (RRH) model expedites the process of connecting households experiencing homelessness to permanent housing options through a client-centered support system that offers rental assistance for up to two years and targeted supportive services in order to solve the practical and immediate challenges to obtaining permanent housing. The model reduces the amount of time individuals experience homelessness and the rate of return to homelessness by creating linkages to community resources that enable them to achieve long-term housing stability.

RRH is most effective for individuals who need time limited assistance to stabilize their lives through connection to community services and employment. Individuals reentering the community from a correctional facility with minimal mental illness have a higher probability of successfully living independently if given temporary support during their transition. As a result, the cost savings for RRH participants will result from a reduction in incarceration costs as a result of reduced recidivism, less time spent in homelessness, and less need to utilize state services.

- 26 Please respond to JBC staff’s proposal for a more comprehensive bill that would provide a framework for the permanent supportive housing and rapid rehousing initiatives in R3 and R4.

The Department feels R3 and R4 are an expansion to its existing portfolio of housing resources and builds on DOH’s already successful framework for serving Coloradans who are most in need. The Department believes that DOH’s current statutory authority provides a framework to address a wide array of permanent supportive housing needs. The bigger issue is a lack of resources.

- 27 Does the Department need to develop new rules, definitions, and cost-control guidelines as part of a new permanent supportive housing initiative, as suggested in the 2014 report to the Governor's Office? Is a "test phase" needed to see how such new measures work?

The Department has rules, definitions and cost control guidelines through its application instructions. These instructions are available together with the Housing Funding Application on the Department's website.

Since the 2014 report, the Department has issued two successful Requests for Application (RFA) specifically for Permanent Supportive Housing. These RFAs expand on the Department's application instructions and provide specific guidelines for this initiative.

The Department has included funding for evaluation in its budget for R-4 and is open to testing through this evaluation.

- 28 What proportion of the funds requested would you expect to be used in the first year? Why should roll-forward authority be provided instead of simply providing a smaller appropriation the first year?

Roll-forward authority is essential as these funds are often not expended immediately upon obligation (but the funds must be appropriated in order to obligate them). In the case of new vouchers, the Department will often need to obligate funds several months before the funds will be expended. In the case of new construction, the Department usually needs to obligate funds several months prior to when funds will be expended. The Department is planning to obligate all funds requested for the first year.

***Use of Marijuana Tax Cash Funds:***

- 29 Would Marijuana Tax Cash Fund (MTCF) appropriations need to be reduced in another area to fund this proposal?

If approved by the Joint Budget Committee and the General Assembly, R-3 and R-4 would be funded out of increased revenues being earned in the State's Marijuana Tax Cash Fund and would not impact dollars currently appropriated to other state programs.

- 30 Is statutory change necessary to use MTCF for the housing requests?

Proposition AA allows for the use of MTCF on "other costs related to the implementation of the use...of retail marijuana". It is well documented that drug abuse (including marijuana) is a significant factor in continuing the cycle of homelessness. Since retail marijuana increased the availability of marijuana, it is reasonable to conclude that this would be a cost related to



the use of retail marijuana. However, the Governor's Office is requesting a statutory change to specifically allow for this use of funds in order to remove any uncertainty.

31 Is further clarification required in statute to address what "other costs" mean in Prop. BB?

At this time, the Department does not propose any language to more accurately define what "other costs" would be outside of a reasonableness test that would be handled on a case-by-case basis as the members of the Joint Budget Committee currently engages in.

**10:00-10:20 DIVISION OF LOCAL GOVERNMENT**

**Rural Economic Development**

***R2 Rural Economic Stabilization:***

32 Provide more information on R2. What would the job description be? What would the outcome be?

A rural liaison would work on the Western Slope (and potentially with rural communities statewide) to:

- Provide a single portal to coordinate state, federal, and partner resources in economic and community development and workforce training
- Utilize DOLA and sister agency staff resources to provide data and information to help inform local decisions
- Work with partners to strategically align investments in rural communities
- Identify and fill implementation and capacity gaps at the local level to speed up economic recovery in hardest-hit communities (such as communities with coal mine and plant closures).

The state's desired outcome for this program is to help communities more quickly achieve financial stability and economic diversification. This will be done by delivering targeted and coordinated support for rural communities already experiencing severe economic disruptions due to a loss of core industries.

These outcomes will be measured by metrics such as new business starts, business expansions, workers enrolled in training programs, and public investments for critical public assets, as well as dollars leveraged.

33 It would be helpful to see a proposal that coordinates all programs for rural Colorado (OEDIT, CEO, DOLA, DNR, federal partners, etc.)—something broader than R2. What are DOLA's thoughts on this?

The Department is very supportive of Colorado's rural communities and working with state partners to enhance the way the State supports rural communities. This program is being proposed, with its focused and coordinated approach, as a starting point to do just that. The



Department will track measurable outcomes and provide an analysis of the extent to which this program proves effective in truly moving the dial. This approach devotes more resources, targeted to this goal, to beef up the strategic coordination that already exists between the Department and its state agency partners, as well as impacted stakeholders. This position will be the beginning of an effort by the Department to expand partnerships in these areas.

- 34 Have the funds used for the Main Streets program been effective? How does the Department coordinate with History Colorado, CDOT, and other entities on this program?

The funds for the Main Street program have already been incredibly effective. First, the funds have been used to pay for projects that have been on Main Street community work plans for years, but where funding could not be obtained. We have received a very positive response from communities in that the projects have helped strengthen their foundation, built capacity, and will help guide the future direction of their programs. Additionally, the funds were used to help support Colorado's participation in the National Main Street Center's pilot program to update the national program.

The funds have also been used to benefit *all* downtowns, not just Main Street communities. The program used a portion of the funds to create tools, resources, and training that will have a lasting impact and that help all of Colorado's downtowns such as the 'Colorado Downtown Streets' guide. This partnership with CDOT and CDPHE includes street design to maximize safety, economic vitality, and public health.

As one of the department's Strategic Policy Initiatives, the Department has worked very hard to ensure these funds are focused on strengthening and growing the program and on providing value to all communities. In FY 2015-16, the Colorado Main Street program accepted 4 new communities. These new communities created over 1,200 new direct, indirect, and induced jobs, and 106 net new businesses. In the first quarter of FY 2016-17, Main Street communities have created 287 new direct, indirect, and induced jobs and 32 net new businesses. Two new communities, Meeker and Windsor, were added in July, for a total of 21 communities in the program statewide (and an additional 9 affiliate communities).

As mentioned previously, the Department regularly coordinates with state agencies through the Main Street program. For example, History Colorado grants funds to pay for the Main Street Architect position, collaborates with us on Certified Local Government (CLG) training across the state, and to cooperatively develop a guide for CLGs utilizing our contractors. CDOT, History Colorado, and OEDIT all serve as ex officio members of our Main Street advisory board, and Department staff serve on some of their committees (e.g., Scenic Byways and State Historical Fund Advisory Committee). The Department partnered with OEDIT on the Blueprint 2.0 program and specifically as technical experts supporting the

Tiny Homes initiative. The Department collaborates with OEDIT on ensuring our Creative District and Main Street programs complement and work well together. Resources are leveraged from all state agencies to benefit Main Street communities and downtowns statewide.

**R5 Kit Carson Facility Closure:**

- 35 What is the status of the funds appropriated to DOC that were intended to help keep the Kit Carson facility open? Have these been expended as yet?

The Colorado Department of Corrections (CDOC) states that the \$3 million appropriated to “External Capacity Sustainability” in its FY 2015-16 Long Bill section has not been spent.

- 36 What happens if the R5 request is not funded? What would the impact be?

This request has been discussed with both Burlington and Kit Carson County to best understand the impacts on their communities. City of Burlington officials are concerned about having to cut back on capital expenses that were planned for the new water blending plant being put in for 2017 and for an upgrade to the associated electrical system. The upgrade project was started several years ago and still has several years to go before completion.

Kit Carson County (KCC) officials indicate that the closure of the prison represents a sharp revenue decline in local taxes and will impact all of the entities that would receive the requested funding. According to the County, “KCC does stand to incur the highest loss at nearly \$375,000. Losing this much money will be a huge hit, knocking the \$375,000 right off the top of our 2018 budget. In order to absorb this loss, the commissioners would have to consider cutting employees, benefits, and possibly even programs. With the loss of 142 jobs already hurting KCC from losing the prison, the board would hate to cut even more jobs. Getting this help from the JBC would certainly help lessen that worry.”

- 37 What are former employees doing now that the facility is closed? Are they moving?

City of Burlington and Kit Carson County officials do not have information regarding what all of the 139 employees at the time of the facility closure are doing at the present time. However, these officials do know that CoreCivic (formerly Corrections Corporation of America) retained 59 employees who transferred to other CoreCivic facilities. In addition, six of these former employees were hired by CDOC.

- 38 How has the school count changed as a result of the facility closure? What is the impact on the school district?

There are three districts that students of these employees could have attended. While the exact number of students who remain or might have left after closure of the prison is unknown, Burlington and Stratton have seen an increased student count and Bethune's student count is only slightly lower. The following information was provided by the three school districts:

District	2015-16 Student Count	Current Student Count
Burlington	715	775
Bethune	117	106
Stratton	181	213

**BP America Court Decision, S.B. 16-218, and the Executive Severance Tax Request**

- 39 What are the Department's plans for the timing and scale of energy impact grants in FY 2016-17 in light of current severance tax receipts and S.B. 16-218?

For the remainder of FY 2016-17, the Department extended the December 1, 2016 deadline and combined the anticipated April 1, 2017 cycle into one grant application date of February 1, 2017. In making this adjustment to the grant cycles, the Department anticipates making \$12.4 million available from revenue collections in November and December of 2016, as well as collections from January through June of 2017.

In the grant cycle just awarded at the end of November, 43 applications were submitted for \$20.5 million, which would have leveraged nearly \$20 million in local communities. With the current revenue available, the Department was able to award just over \$7.6 million, which fully funded 12 grant requests and partially funded another 12 requests. The Department was not able to fund 19 requests.

The Department will also review severance projections again in January of 2017 to ensure this \$12.4 million projection is appropriate and to ensure the Department is able to accept applications again on August 1, 2017.

**10:20-10:30 DIVISION OF PROPERTY TAXATION**

- 40 Please provide an update on how H.B. 16-1175 has improved the process for determining eligibility for the Senior Citizen Property Tax Exemption.

House Bill 16-1175, expanded the ability and responsibility of the Division of Property Taxation (DPT) in regard to its review and potential denial of Senior and Veteran property

tax exemptions. The expansion of the program allows for the DPT to work with other state agencies, specifically DOR and CDPHE, to mine information in possession of the state in determining eligibility of exemptions. As of October 31, 2016, the statutory deadline for notifying Seniors or Veterans that there is a potential problem with their exemption, denial letters were sent to 52 different property owners under the pre-HB 16-1175 program. The expanded program added 51 additional denials. Some number of these may be successfully appealed by property owners.

41 Is eligibility for this exemption evaluated on an annual basis?

A senior or veteran only need apply once for the exemption and, if granted, it remains in place for the duration of time the property continues in the applicant's ownership and used as their primary residence. However, all exemptions are reviewed annually regarding social security number matches, whether the applicant or occupant has applied for exemption on another property and, under the new powers granted by HB 16-1175, residency status, marital status and life status with information available through DOR and CDPHE.

42 Have the changes made to statute through H.B. 16-1175 improved county processes in administering this exemption?

It is too early after the passage of HB 16-1175 to determine any meaningful improvement at the county processing level. There were three denial letters sent by the Division to property owners in 2016 based on the recommendation of counties where they felt the exemption was no longer qualified and the state was able to review and remove the exemption. In early December, the Division sends a list to the county to remove any exemptions deemed ineligible. Then the new provisions of HB 16-1175 will provide for two additional reviews by the Division of all exemptions, one to be completed before tax bills are actually sent out by the county in January and one final review in March prior to the State Treasurer reimbursement to counties. This final review is intended to ensure no identified ineligible exemption is being reimbursed to a county.

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

- 1 Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

As noted in the response to question #42, the full benefits and objectives of HB 16-1175 have not been realized since this legislation only became effective on July 1, 2016. The Division of Property Taxation has hired the FTE authorized in HB 16-1175 and does not anticipate any problems with fully implementing the requirements of the bill.

- 2 If the Department receives federal funds of any type, please respond to the following:
  - a. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2016-17.

The Department is not aware of any current or potential federal sanctions related to any of the program funding in its four divisions.

- b. Are expecting any changes in federal funding with the passage of the FFY 2016-17 federal budget? If yes, in which programs, and what is the match requirement for each of the programs?

At this time, the Department does not expect any changes to the federal moneys it receives through programs in the Division of Housing and the Division of Local Government.

- 3 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated June 30, 2016? What is the department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations?

The Department of Local Affairs does not have any outstanding audit recommendations identified in the referenced report.

- 4 Is the department spending money on public awareness campaigns? What are these campaigns, what is the goal of the messaging, what is the cost of the campaign? Please distinguish between paid media and earned media. Do you have any indications or metrics regarding effectiveness? How is the department working with other state or federal departments to coordinate the campaigns?

The Department did not spend any of its funding on public awareness campaigns in FY 2015-16 and will not do so in FY 2016-17.

- 5 Based on the Department’s most recent available record, what is the FTE vacancy and turnover rate by department and by division? To what does the Department attribute this turnover/vacancy?

Information on FTE vacancies in FY 2015-16 for both the Department and each division is provided in the Schedules 3 and 14 included as part of the Department’s FY 2017-18 budget submission. A summary of the division vacancies is provided below. This data was compiled as of June 30 at the close of FY 2015-16.

Division	FY 2015-16 Approp	FY 2015-16 Actual	Vacancy Rate
Executive Director’s Office	14.2 FTE	15.5 FTE	(9.2%)
Division of Property Taxation	36.7 FTE	30.6 FTE	16.6%
Board of Assessment Appeals	13.2 FTE	6.4 FTE	51.5%
Division of Housing	52.8 FTE	49.2 FTE	6.8%
Division of Local Government	55.6 FTE	50.2 FTE	9.7%

The vacancy rate for the Board of Assessment Appeals is misleading since the appropriated FTE amount includes eight board members. These critical staff typically works 30-40 hours per month and by law are provided full benefits for their service. To ensure that full salary POTS are provided to the Department, each of these staff must be appropriated at the level of 1.0 FTE. If the board members are excluded from both appropriated and actual FTE, then the vacancy rate for the Board of Assessment Appeals drops to 9.2%.

For FY 2015-16, the Department’s employee turnover rate was 13.2%. Reasons for leaving the Department’s employment are self-reported by separating employees and are often not provided. Reasons that have been provided include early retirement, accepting a job outside the State system, and personal reasons.

- 6 For FY 2015-16, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2016-17? If yes, in which programs and line items do you anticipate these reversions occurring? How much and in which fund sources do you anticipate the reversion being?

The Department had very few notable General Fund reversions with the exception of \$553,978 (11.9% of appropriated funds) in the Volunteer Firefighter Retirement Plans line item and \$94,439 (12.6% of appropriated funds) in the Rural Economic Development Initiative (REDI) Grants line item. The reversion in the first line item related to demand by local jurisdictions based on program eligibility and varies from year to year, while the reversion in the second line item resulted from grants being de-obligated late in the fiscal year. It is difficult to get these moneys re-purposed late in the fiscal year. This is further discussed in one of the Department’s Request for Information made by the Joint Budget Committee pertaining to the REDI Grants program.

For additional detail, please see the Schedules 3 and 14 included as part of the Department's FY 2017-18 budget submission. At this time, the Department does not anticipate any specific reversions in any of its line items for FY 2016-17.

- 7 Please discuss your agency's position on the Department of Law's proposed changes to the legal services system, including the potential impacts of the changes on your agency budget. That is, does your department support the proposed changes? How would you expect the changes to positively or negatively impact your department? Please explain.

The Department of Local Affairs is satisfied with the current billing model utilized by the Department of Law and believes that it helps to control spending on legal services. That being said, the Department expects to continue to effectively control spending on legal services under the proposed billing model if ultimately approved by the General Assembly.

- 8 What is the expected impact of Amendment 70 (minimum wage increase) on Department programs? Please address impacts related to state personnel, contracts, and providers of services.

The Department does not believe the passage of Amendment 70 will have a significant impact to its personal services costs, to contracts, or to service providers.

- 9 Please provide an update on the Department's status, concerns, and plans of action for increasing levels of cybersecurity, including existing programs and resources. How does the Department work with the Cybersecurity Center in the Office of Information Technology (OIT)?

The Office of Information Security, within OIT, provides security governance, security architecture, risk management, compliance assessment support, and security operations functions for the Department of Local Affairs. The Office of Information Security has input into the 5-year plans for the Department and has worked to prioritize projects benefiting its operations. These include the Enterprise Firewall Refresh project, quarterly security awareness training, and an enterprise security log collection and correlation engine. OIT recently implemented a mandatory two-factor authentication for Google email users in all executive branch agencies, which is expected to reduce phishing attempts by 90%. Additionally, the Office of Information Security produces a quarterly report card, which measures risk for the Department, and then sets specific goals for reducing this risk.

- 10 Is the SMART Act an effective performance management and improvement tool for your Department? What other tools are you using? Do your performance tools inform your budget requests? If so, in what way?

The Department believes in performance management and the SMART Act is an effective mechanism for informing the Department's Committees of Reference of our top priorities and initiatives and the progress being made to improve the lives of citizens across the State. The Department utilizes data driven analysis in the evaluation of its programs and in requesting additional resources from the Legislature. The Department has also undertaken a number of LEAN process improvement projects to make more efficient use of its resources.



- 11 Please identify how many rules you have promulgated in the past two years. With respect to these rules, have you done any cost-benefit analysis pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analysis pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

The Department has not promulgated any new rules within the past two years. The Department reviews all of its rules on an ongoing basis and has a place on its website for the public to submit comments on current rules. The Department has not conducted a cost-benefit analysis of the rules that apply to its various programs.

- 12 What has the department done to decrease red tape and make the department more navigable/easy to access?

The Department has just over 200 total rules. Within the past two years, the Department has revised 51 rules and has repealed 12 rules. The Department has identified another 6 rules to be repealed and is taking action to complete the repeal process. The Department has also undertaken a number of LEAN process improvement projects and has identified and implemented process improvements to improve our delivery of service.

- 13 What is the number one customer service complaint the department receives? What is the department doing to address it?

Prior to FY 2015-16, the Division of Local Government received a significant number of complaints about its website. Much of the Department's repeat web traffic flows through the Division of Local Government. During FY 2015-16, the communications staff worked diligently to improve each division's portion of the Department's website. The Division of Local Government has received numerous compliments about improvements to its web page.